

## Message Text

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71

ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 SCEM-02 INT-08 DOTE-00 L-03 SS-15

NSC-10 COME-00 TRSE-00 OMB-01 DODE-00 H-02 CEQ-02

EPA-04 FPC-01 SCI-06 CIAE-00 INR-10 NSAE-00 RSC-01

SSO-00 NSCE-00 INRE-00 RSR-01 /103 W

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O 142223 Z JUN 73

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC IMMEDIATE 1170

INFO AMCONSUL CALGARY UNN

AMCONSUL TORONTO UNN

AMCONSUL VANCOUVER UNN

AMCONSUL WINNIPEG UNN

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E. O. 11652: N/ A

TAGS: ENRG, ETRD, CA, US

SUBJECT: STATUS OF GOC POLICY ON POSSIBLE TRANS- CANADA PIPELINE

REF: STATE 111288 AND OTTAWA 1378.

REFTEL PROVIDES OUR PRELIMINARY ASSESSMENT ON SUBJECT. FOLLOWING  
OBSERVATIONS MAY FURTHER ILLUMINATE SUBJECT.

1. GOC OFFICIALS, IN PRIVATE CONVERSATIONS,  
REPEATEDLY EXPRESS DISAGREEMENT WITH CERTAIN  
ARGUMENTS IN FAVOR OF ALYESKA OIL LINE ADVANCED BY  
U. S. OFFICIALS. ( ARGUMENTS BASED ON TIMING AND BALANCE  
OF PAYMENTS ARE GENERALLY ACCEPTED.) TWO POINTS MOST  
FREQUENTLY CITED BY CANADIANS ARE U. S. ARGUMENTS IN  
TERMS OF ( A) CLAIMS ON PIPELINE CAPACITY AND ( B)  
NATIONAL SECURITY. GOC OFFICIALS FORM MINISTER MACDONALD  
ON DOWN INSIST UNITED STATES WOULD HAVE ALL THE PIPELINE  
CAPACITY IT WISHED. THEY SAY ARRANGEMENTS FOR SHARING  
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OF CAPACITY WOULD ASSURE NO DISPLACEMENT OF U. S. THROUGHPUT BY CANADIAN THROUGHPUT. GOC OFFICIALS SAY THEY SEEK NO FIXED SHARE OF CAPACITY OF EITHER GAS OR OIL LINE; THEY OBVIOUSLY WOULD NOT INSIST ON HALF OF CAPACITY OF 48" OIL PIPELINE SINCE SO FAR THEY HAVE DISCOVERED VERY LITTLE OIL IN AREA ADJACENT TO ROUTE. ( THEY ANTICIPATE AVAILABILITY OF ABOUT 100,000-150,000 BARRELS PER DAY OF NATURAL GAS LIQUIDS WHEN MACKENZIE GAS STARTS FLOWING.) OFFICIALS SAY PIPELINE WOULD BE BUILT INITALLY TO CARRY NORTH SLOPE OIL TO UNITED STATES. SUBSEQUENTLY, WHEN CANADIAN OIL DISCOVERED, GOC WOULD EXPECT IT TO HAVE ACCESS TO PIPELINE. THEY INSIST HOWEVER THIS SHOULD RAISE NO PROBLEMS SINCE IT WOULD TAKE LESS TIME TO EXPAND PIPELINE CAPACITY ( TO " LOOP" IT) THAN IT WOULD TAKE TO BRING CANADIAN FIELDS INTO PRODUCTION.

2. IN RESPECT TO SECURITY ARGUMENT, AND LEAVING ASIDE IMPORTANCE CANADIANS ASSIGNED TO LONG TRADITION OF JOINT DEFENSE EFFORTS, GOC OFFICIALS FIND NO MERIT IN ASSERTING THAT CANADIAN PIPELINE WOULD BE LESS SECURE FOR UNITED STATES THAN ALL- U. S. ROUTE. THEY NOTE THAT GOC HAS NOT EXPRESSED CONCERN OVER FACT U. S. HOLDS " HOSTAGES" IN FORM OF PIPELINES WHICH CARRY CANADIAN OIL ( LAKEHEAD PIPE LINE) AND GAS ( GREAT LAKES GAS TRANSMISSION) THROUGH EASTERN UNITED STATES TO CANADIAN MARKETS AND WHICH CARRY NON- CANADIAN OIL FROM PORTLAND, MAINE TO MONTREAL MARKET. ( ONE REASON SECURITY ARGUMENT APPEARS TO RAISE CONCERN HERE IS FEAR THAT SIMILAR ARGUMENT MIGHT BE ADVANCED BY EL PASO NATURAL GAS IN FAVOR OF ALL- U. S. ROUTING ( BY PIPELINE, LIQUEFACTION AND TANKER) FOR NORTH SLOPE NATURAL GAS.)  
SCHMIDT

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**TAGS:** ENRG, ETRD, CA, US  
**To:** CALGARY  
EUR  
SECSTATE WASHDC  
TORONTO  
VANCOUVER  
WINNIPEG  
**Type:** TE

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